



Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

2019 - 2020 Board of Directors:
Joe Gimenez, President
Patricia Gerino, Vice President
Mike Nelson, Secretary/Treasurer
Rich Schaefer, Director
Dorothy Taylor, Director

Windermere Oaks Water Supply Corporation (WOWSC) meeting held: Tuesday, September 22, 2020 via videoconference using Zoom

2020 - 2021 Board Members Present: Joe Gimenez, Mike Nelson, Rich Schaefer, Dorothy Taylor

Minutes

The meeting was called to order at 6:02PM by Joe Gimenez. A quorum was established with four Board Members present.

- 1) Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person)
 - i) None
- 2) Approval of Board Meeting Minutes
 - a) June 16, 2020; August 25, 2020; August 27, 2020
 - i) Motion made and carried by all to approve the June 16th, August 25th, and August 27th Board Meeting minutes
- 3) **MANAGER'S REPORT** – (Discussed during the meeting after the Public Information Officer Report.)
 - a) **CORONAVIRUS** –Update on recommendations from public health officials and water associations regarding water treatment processes for Covid-19.
 - i) Two-part approach:
 - (1) **Water Quality:** Goals of water treatment are to eliminate bacteria and viruses. These are being achieved.
 - (2) **Protect operators:** Corix is reducing interactions between operators and with customers. Corix employees maintain safe distances from each other and from customers. Corix employees wear masks when safe distances cannot be maintained.
 - ii) A major leak was reported today at the Hill Loop area. Corix reported they completed the repair and restored water service.
 - iii) Dorothy received TRWA information regarding meetings and elections during COVID-19. Dorothy to distribute the TRWA information to Board members. WOWSC needs to continue following COVID-19 guidelines. To mitigate liability, attorney, Troupe Brewer recommends continuing meeting remotely.
 - b) **EASEMENT ENCROACHMENT** –Update on easement's encroachment on property of 423 Coventry Road.
 - i) Water pipe and electric lines are partially outside WOWSC's 5" easement on lot# 302.
 - ii) Owner offered to provide an as-built easement to WOWSC.
 - iii) WOWSC needs to survey lot# 302 to locate all water and electrical lines and then use it for the as-built easement.
 - iv) George is arranging the survey.
 - v) George spoke with the owner today.
 - c) **LCRA GRANT PROJECTS** –Update on conservation projects at water and wastewater plants.
 - i) Both WTP and WWTP projects involve recycling water.
 - ii) The WWTP project was delayed by delivery of a key component, a strainer for effluent recycling, that was on back order which was delivered today.
 - iii) WOWSC is ready to start the WTP project.

- (1) Construction of a new house by airport runway has broken the water line four times. WOWSC needs to reroute the water line on Bedford lot# 155 to avoid further damage to the water line before starting the WTP project.
- iv) These projects save WTP and WWTP from using potable water reducing water consumption and the amount of water purchased from LCRA.
- v) LCRA is encouraging WOWSC to find additional methods of reducing water consumption.
- d) CLARIFIER AND ZEBRA MUSSELS –Update on recent permit applications for zebra mussel treatments and clarifier replacement projects.
 - i) The condition of WOWSC’s water clarifier is very poor.
 - ii) Water clarifier upgrade has been WOWSC’s on five-year plan for fifteen years.
 - iii) Many plans have not been cost effective.
 - iv) ~\$500K range for replacement of existing water clarifier.
 - v) Recent growth of community is putting pressure to upgrade the water clarifier.
 - vi) WOWSC purchased 2M gallons of water from LCRA last month
 - vii) Zebra mussels are a newer pest to Lake Travis
 - viii) Zebra mussels proliferate rapidly and can plug a 1000 ft intake pipe.
 - ix) WOWSC had a water intake pump failure two months ago and found zebra mussels at the water intake barge during investigation.
 - x) George is exploring ways and devices to address zebra mussels at WOWSC’s water intake barge to keep them out of the water intake pipes and rejecting them at the water intake barge
 - xi) With this environmental crisis, George is working on an application to submit to TCEQ to remove zebra mussels at the water intake barge using two mechanical strainers.
 - (1) Lake Travis water level fluctuates which requires WOWSC to use a water intake barge.
 - (2) WOWSC’s water intake barge has four water pumps that are paired up to two manifolds on the barge. The two manifolds are connected to flex intake pipes that travel up the bank to a third manifold halfway up the hill. Two mechanical strainers are needed, one mechanical strainer on each manifold connected to the flex pipes.
 - (3) George received a quote for \$19K per mechanical strainer. George estimates ~\$10K to install the mechanical strainers. Total cost estimate is ~\$50K for the project.
 - (4) The mechanical strainers have self-backwash capability. The self-backwash feature uses water nozzles to blast mussels off the screen.
 - (5) The mechanical strainers’ screen openings are in microns. A 30um strainer is recommended to eliminate mussels and their eggs.
 - (6) The mechanical strainers with screen openings in microns may clean the water sufficiently for clarification.
 - xii) The City of Austin has committed \$4M to deal with zebra mussels
 - xiii) In 1988 zebra mussels were discovered in the Great Lakes.
 - xiv) Big water supply corporations in Michigan, Ohio, & Indiana have been using mechanical strainers on their shores of the Great Lakes and have piles of removed dead mussels beside the lakes for miles.
 - xv) WOWSC’s pumps grind zebra mussels and pump them into the intake manifolds and pipes.
 - xvi) Pump action kills adult mussels but not the eggs. The eggs can hatch and then mussels attach to the inside of pipe when the pumps are not on.
 - xvii) WOWSC’s clarifier is an old used clarifier designed for WWTP clarification and not for WTP clarification. It is the wrong shape and size. It is 9’ tall and should be at least 16’ tall. WOWSC WTP does not have a proper water clarifier.
 - xviii) Joe showed a photo of WOWSC’s 9’ clarifier and a photo of Ridge Harbor’s newer 30’ clarifier.
 - xix) Joe showed a photo of the top of WOWSC’s clarifier which has rust and growth. To keep water running repairs cannot be done to the clarifier as WOWSC only has the one.
 - xx) The size of clarifier determines the rate of water clarification
 - xxi) George recommends our WOWSC Board tour our clarifier and other WTP clarifiers to improve understanding.
 - xxii) TCEQ has not provided guidance for dealing with zebra mussels.
 - xxiii) EPA has provided solutions.
 - (1) OZONE: is incredibly expensive
 - (2) Copper based paint on the inside of water intake pipe: Baby mussels don’t attach to structures with copper paint.

- xxiv) WOWSC installed 10' long PVC slotted tubes wrapped with copper screening that are slipped over the cylindrical pumps.
 - (1) Only babies can likely get through copper screening.
 - e) REPAIRS-Update on distribution lines and repairs.
 - i) The water pipe at Bedford lot# 155 by the airport runway has had four breaks. The water pipe runs down the middle of one of two replated lots and needs to be moved. Also, it was only buried 6" to 12" deep. George is moving the water pipe.
 - ii) Large rains or temperature variations can cause water line breaks.
 - iii) Replacing and refurbishing all valves in our WOWSC water system is a ~\$175K project. They were installed in the 70s and 80s.
 - iv) Pipes in the ground are 40 to 50 years old and not all have been found to be properly installed.
 - v) George and Corix have been outstanding in working behind the scenes through several various issues the past 6 to 8 weeks.
- 4) TREASURER REPORTS –
- a) Accept reports from May, June, and July. (previously reviewed at August 27 meeting)
 - i) Motion made and carried by all to accept the May, June, and July financial reports.
 - b) Review and acceptance of report for August.
 - i) August 2020
 - (1) August Income: \$63.5K
 - (a) Water + Sewer revenue: \$57.7K
 - (b) Standby Fees: \$0.5K
 - (c) Year to date (YTD) Water + Sewer revenue at \$327.2K of YTD budget \$260.0K
 - (d) YTD Standby Fees revenue at \$34.7K versus annual budget \$33.0K
 - (e) YTD Equity Buy-in Fees revenue at \$36.8K versus annual budget \$27.6K
 - (f) YTD Water & Sewer Taps revenue at \$12.5K versus annual budget \$10.4K
 - (2) August Expenses: \$67.0K
 - (a) Legal: \$19.9K
 - (b) Legal expenses YTD = \$144.2K and are likely to exceed the annual budget \$250,000 at the current pace.
 - (c) YTD total expenses at \$399.2K versus YTD budget \$407.6K
 - (3) August Net Income: (\$3.5K)
 - (4) 2020 Metrics:
 - (a) Debt to Service Coverage Ratio (DSCR): 1.15
 - (b) Debt to Capital Ratio: 0.18
 - (c) Days of Cash on Hand: 70 days
 - (5) 2019 Metrics:
 - (a) DSCR: 3.38
 - (b) Debt to Capital Ratio: 0.16
 - (c) Days of Cash on Hand: 220 days
 - (6) Motion made and carried by all to accept the August financial report
- 5) LOAN – Update on processing of loan.
- a) Loan is being processed
 - b) John Deluca of CoBank received all signed paperwork
 - c) Paperwork was sent to Lloyd Gosselink for copying, processing, and inclusion of legal statement
 - d) End of the month is busy at CoBank
 - e) Loan signing likely in the next week or two
 - f) We won't know the exact interest rate until closing. The interest rate is expected to be between 3.5% to 4.0% plus a 0.5% end of year rebate.
 - g) Loan interest rates are at or near historical lows

- h) WOWSC's monthly loan payment is expected to be the same or lower as today's loan payment as the new loans' interest rate is lower and is for twenty years
 - i) First loan is \$230,000 and is for paying-off the existing loan
 - j) Second loan is \$150,000 and for projects: WTP generator, WTP and WWTP water conservation projects, WWTP dispersal field repairs and improvements, WTP SCADA computer system upgrade, WTP and WWTP security systems
 - k) Third loan is \$300,000 and is for a WTP clarifier when needed.
 - l) To reduce rates more quickly, Mike recommended the WOWSC Board consider if any of the loan funds should be used to pay down legal balances and then replenished when land is sold. Legal expenses are not long-term expenses.
- 6) UPDATE FROM REAL ESTATE COMMITTEE – Receive update from Real Estate Committee regarding WSC property owned at airport.
- a) Dorothy and Rich were appointed as WOWSC's real estate committee at our August 25th WOWSC Board meeting.
 - b) Update from real estate committee at each Board meeting moving forward
 - c) No updates today to bring to the Board
 - d) To reduce rates, the WOWSC Board is to consider paying down legal balances with sales proceeds.
- 7) RATES – In light of commitment by WOWSC Board on February 11, 2020 to revisit the increased rates for further evaluation and possible alteration no later than September 2020, discussion, consideration, and possible action to adjust rates in view of ongoing litigation, rate case, outstanding bills, and other considerations.
- a) Mike recommended the WOWSC Board consider lowering rates if the PUC Rate Appeal and AG litigation are settled after the PUC Rate Appeal expenses are paid.
 - i) Will need to work with Lloyd Gosselink and Enoch Kever on payments of outstanding legal balances.
 - b) Joe asked Rich to review financials and make recommendations. Rich to review his recommendations with Joe prior to bringing them to the Board for review.
 - c) Two open legal cases, PUC Rate Appeal and Danny Flunker's appeals to the Texas Attorney General (AG), are keeping legal expenses higher than when the rate increase was discussed early this year.
 - i) Texas Attorney General's office proposed a case settlement, but Danny Flunker rejected the settlement..
 - d) WOWSC's income needs to meet incoming legal expenses, all other expenses, and to fund financial goals.
 - e) WOWSC Board does not need Lloyd Gosselink's approval to lower rates
 - f) Lloyd Gosselink has been very patient with WOWSC's legal payments
 - g) TOMA's second lawsuit has been repleaded three times which continues to increase legal expenses spending WOWSC members money.
 - h) Its' a shame that WOWSC has to sell property to defend a land sale.
 - i) There was / is very little WOWSC could / can do to alter the original land deal. Legal advice from three separate lawyers counseled WOWSC could not get the sold land back.
 - j) TOMA wants WOWSC to litigate reversal of the original land deal. Insurance would never cover litigation to recover the sold land and rates would need to be increased to cover litigation.
- 8) NEWGEN STRATEGIES REPORT –Discussion, consideration, and possible action on recommendations from NewGen Strategies financial analysis report for financial policies.
- a) Joe reviewed a list of recommended financial proposals including a financial workshop with Grant Rabon
 - b) The financial workshop expense is expected to be ~\$1500 to \$2500.
 - c) Purpose of the financial workshop is to set corporate goals and to create a plan to achieve the goals.
 - d) Rich requested a comment on the potential overlap of financial targets. Can financial targets overlap and what is the risk if they do overlap?
 - e) The financial workshop will likely take discussion to generate a plan that can be presented at a later meeting to the Board to review and approve.
 - f) Motion made and carried by all for Joe to discuss further engagement with NewGen Strategies to not exceed \$3000 including the workshop.
- 9) PUBLIC INFORMATION OFFICER REPORT – Update on PIA requests and fulfillment.
- a) In Y2019 WOWSC received 46 PIA requests.
 - b) In Y2020 WOWSC has received 28 PIA requests to date versus 35 PIA requests at this time last year.
 - i) PIA requests slowed down during the early COVID-19 period.

- ii) Joe discussed the ongoing case on the appeal to the Texas AG to the PIA request response with redacted legal invoices. The case is not moving forward. The case is awaiting a response from the requestor and his attorney. WOWSC is incurring additional legal expenses protecting its attorney client privilege as this case is being argued for a third time with same legal arguments as the first and second times.
- iii) Recurring PIA requests costs WOWSC members

Attorney Troupe Brewer is to communicate with Board Members on when to hold our next Board meeting and on the agenda. Troupe indicated that holding in person meetings could create a liability for WOWSC and recommended that meetings be kept virtual until revoked by the State.

10) Motion made and carried by all to adjourn at 8:08PM



Submitted by: Mike Nelson

APPROVED BY WOWSC Board on October 12, 2020

Billing Questions: (830) 598-7511 Ext 1
Water or Sewer Emergency: Phone (830) 598-7511 Ext 2